to eliminate cost allocations and thus the potential for misallocations.[53]

It is true that the sharing of administrative services was permitted under Computer II, but here, the Commission must follow the Section 272(b) mandate of strict separation of operations and employees. Moreover, as CompTel explains, the rationale for allowing such sharing of services in Computer II does not apply in this situation.[54]

It is also true that the nondiscrimination requirements of Section 272(c) and (e) contemplate the provision of "services" by the BOC to its affiliate, but that does not modify the separation requirements. Thus, the BOC may only provide "goods, services, facilities, and information" to the affiliate under Section 272(c)(1), for example, if such provision is consistent with the separation requirements. That consistency only obtains where the BOC is providing "goods, services, facilities, and information" on a nondiscriminatory basis in its capacity as a monopoly provider of local exchange and access service and facilities --

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[53] BellSouth Comments at 52.

[54] CompTel points out, at 19-20, that one of the considerations in Computer II was that BOC entry was considered necessary to bring new enhanced services to the residential market that were not being made available, whereas here, the interLATA telecommunications market is fully competitive, and there are no interLATA services that are not already being provided. Moreover, Congress has already weighed the costs and benefits of separation and decided to require it, whereas in Computer II, the Commission was balancing those factors *de novo*.

i.e., where such "goods, services, facilities, and information" are not available from any other source. Thus, for example, the provision of tariffed exchange services to the affiliate on nondiscriminatory terms and conditions does not breach the separation requirements, since the affiliate is in the same position as any other entity obtaining such monopoly services from the BOC.

This approach is the only way to harmonize the separate employee and independent operation requirements of Section 272(b) with the nondiscrimination provisions of Section 272. Under this interpretation, the latter thus do not enlarge the category of facilities and services that the BOC may provide to the affiliate; they simply place conditions on such transactions. The nondiscrimination provisions accordingly do not show, as the BOCs assume, that they may provide administrative services to their affiliates.

Finally, it is true that Section 274(b) contains both a separate employee requirement and a prohibition against a BOC's performing of hiring and training functions for its electronic publishing affiliate. That just shows, however, that both provisions are also indicia of independent operation, since all of the subsections of Section 274(b) are identified as elements of the "operated independently" requirement.[55]

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[55] See MCI Coments at 25-27.

V. NONDISCRIMINATION SAFEGUARDS OF SECTION 272

A. Functional Equality

As expected, the LECs recoil in horror at the notion of having to provide network services or facilities to other entities that would be as useful, or that would provide the same functional outcome, as the services or facilities provided to their own affiliates, even if that means having to provide something technically different to accommodate different needs. They assert that such functional equality might be provided in certain instances but that Section 272(c) and (e) should not be interpreted to require such equality. They point out that carriers can always obtain different services or facilities under Section 251 or through collocation, and anyone can always obtain different services from the BOC's tariff.[56]

The BOCs' unrealistic view of their nondiscrimination provisions belies their repeated assurances that no implementing regulations are necessary and that these requirements are "self-executing." As MCI and other parties explain in their initial comments, the sorry history of Computer III and the CEI/ONA requirements, highlighted by the MemoryCall Order,[57] demonstrates the uselessness of seemingly elaborate nondiscrimination and

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[56] See Ameritech Comments at 53-56; Pacific Telesis Comments at 26-27.

[57] See Investigation into Southern Bell Telephone & Telegraph Co.'s Provision of MemoryCall Service, Docket No. 4000-U (Ga. PSC June 4, 1991).

unbundling requirements that do not yield functions and services that are useful to competitors. This history shows that by carefully developing their interfaces and technical specifications in ways that do not mesh with those of their potential competitors, the BOCs can offer the exact same services, functions and facilities to their affiliates and other entities in ways that favor their affiliates.[58] Requiring the provision of identical functional outcomes is thus necessary to implement the nondiscrimination requirements properly.

B. The Applicability of Pre-Existing Nondiscrimination Requirements

The LECs argue that the nondiscrimination provisions of Section 272 are no stricter than the general nondiscrimination requirement of Section 202(a), and that Section 272(c) and (e) must also be read to incorporate a reasonableness standard.[59] Pacific Telesis argues that if Congress had intended absolute equality of treatment between the affiliate and others, it would

[58] This problem also illustrates the nexus between the nondiscrimination and separation requirements of Section 272. Ideally, if the BOCs are operating truly independently from their affiliates, there ought to be no reason for their affiliates' technical requirements to be any different from the typical requirements of other entities competing with the affiliates. Any differences in services, facilities or functions that are necessary to provide the typical competitor with the same functional outcome as the affiliate thus should raise a red flag as to the adequacy of the separation of the BOC and its affiliate.

[59] See Pacific Telesis Comments at 29-30; Bell Atlantic Comments at Exhibit 1, pp. 7-9.

not have allowed common ownership of the BOC and its affiliate.[60] Bell Atlantic argues similarly that a reasonableness standard must be read into Section 272(c) and (e) because Section 272(g)(3) makes joint marketing a specific exception to those provisions.[61] Ameritech ties this issue in with the functional equality point by arguing that Sections 272(c) and (e) only apply to "like" services, in the same manner as Section 202(a), and thus do not cover requests for services or facilities that are any different from the services or facilities provided to affiliates.[62]

The problem with all of these arguments is that they ignore the plain language of Sections 272(c) and (e). Those provisions, unlike Section 202(a), do not use such terms as "unjust" or "unreasonable." A reading of Section 272(c) and (e) that incorporated those terms, simply on the grounds that an otherwise parallel provision does contain those terms, thus would stand every principle of statutory construction on its head. It is significant here that the recent First Interconnection Order construed the similarly unqualified nondiscrimination requirement in Section 251(c)(2) as reflecting "a more stringent standard" than Section 202(a).[63]

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[60] Pacific Telesis Comments at 30.

[61] Bell Atlantic Comments at Exhibit 1, pp. 7-9.

[62] Ameritech Comments at 54-56.

[63] First Interconnection Order at ¶ 217.

The BOCs' various textual arguments based on related provisions also cannot overcome the language of the nondiscrimination provisions themselves. That the BOC and its affiliate are under common ownership simply shows why it was so necessary to impose such stringent separation and nondiscrimination requirements. Similarly, that a specific exemption from Section 272(c) for joint marketing was found necessary simply highlights the otherwise unqualified nature of that nondiscrimination provision. Finally, because that provision is unqualified, it is not limited, as Ameritech argues, to "like" services or facilities and thus may be read to require identical functional outcomes for the affiliate and other entities.

Some of the BOCs, particularly Ameritech, oppose the Commission's proposals to apply the nondiscrimination provisions, as well as the separation requirements, in situations where a portion of a BOC's network capabilities has been transferred to another entity within the RBOC corporate structure. In the NPRM, the Commission proposes to prevent BOCs' avoidance of their nondiscrimination obligations by prohibiting the transfer of a BOC's local exchange network capabilities to an affiliate or by treating such a transferee affiliate as a successor to the BOC.[64]

Ameritech proposes so many limitations on these innocuous proposals, and in so much detail, that one shudders to think what

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[64] See NPRM at ¶¶ 70, 79.

Ameritech might have up its sleeve. Ameritech suggests, for example, that such a transfer of network capabilities should only be considered a problem where the transfer is so substantial that the transferee affiliate is "comparable" to an incumbent LEC (ILEC) under Section 252(h)(2), and the transferee affiliate should only be considered a successor to the BOC if an entire "core business" of the BOC were transferred. The icing on the cake is Ameritech's view that no transfer, no matter how substantial, makes a transferee affiliate subject to the general nondiscrimination requirements of Section 272(c)and (e), which apply only to BOCs.[65] Pacific Telesis argues for a similarly restricted application of the term "successor" to transferees of network capabilities.[66]

In view of these proposals, the Commission needs to make it absolutely clear that all of the Section 272 separation and nondiscrimination obligations follow a BOC's network capabilities, broadly defined, wherever they may be transferred within an RBOC corporate structure. The criteria cited by Ameritech for what constitutes a "successor" to a BOC under the AT&T Consent Decree arose in the context of transfers to other entities, not intracorporate transfers. Moreover, the purpose of the "successor" provision in the Consent Decree is different from the purposes of the nondiscrimination and separation provisions

[65] Ameritech Comments at 56-62.

[66] See Pacific Telesis Comments at 24-26.

of Section 272, which are designed to prevent any schemes that have the intent or purpose of avoiding those safeguards. The criteria cited by Ameritech are therefore irrelevant here.

Thus, there is no conceivable legitimate reason for an intracorporate transfer of local exchange functions or capabilities that enables the transferee affiliate to escape any of the burdens imposed on BOCs by Section 272. In an exceptional case, an RBOC in this situation could seek a waiver if it could be shown that such a transfer was consistent with the public interest.[67]

VI. THE JOINT MARKETING PROVISIONS OF SECTIONS 271 AND 272

One area of disagreement concerning the issue of joint marketing relates to the types of activities that should be considered within the definition of joint marketing and "market or sell." Some parties take the position that joint advertising and making services available from a single source, as well as all other activities related to marketing or selling, constitute joint marketing. Under Sections 271(e) and 272(g)(2), such activities thus would be prohibited to the large IXCs, at least as to local services they purchase for resale under Section

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[67] MCI also concurs with AT&T's discussion of the relationship of Section 272(e)(4) to Section 272(a) and (b) on pages 41-47 of its Comments. AT&T points out that Section 272(e)(4) is not a general authorization for a BOC to build interLATA facilities on an integrated basis with its local business and use those facilities to supply its affiliate and other carriers with wholesale interLATA facilities and services.

251(c)(4), and to the BOCs, prior to the BOCs' entry into in-region interLATA services.[68]

As Ameritech points out, however, Section 271(e) does not prohibit IXCs from marketing or selling local services on a stand-alone basis prior to BOC entry, whereas the BOCs are barred from even stand-alone marketing of interLATA services during that period.[69] Given that IXCs may market local services prior to BOC entry into in-region interLATA services, the question becomes: What is the dividing line between the stand-alone marketing that IXCs are permitted to conduct prior to BOC entry and the joint marketing that is prohibited to them? As MCI explained in its initial comments, IXC joint marketing in this context should refer only to those activities that involve the combining of the two categories of services in a package for a bundled price or a package that constitutes a single product.[70]

Activities such as advertising both products together, however, would not raise a joint marketing issue, unless an advertisement offered a bundled price or a single product comprised of both services. Since MCI may advertise both local services and interLATA services, there is no significant difference between doing so in separate advertisements or in the

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[68] <u>See, e.g.</u>, Ameritech Comments at 48-49; Pacific Telesis Comments at 39-40; Nynex comments at 11-14.

[69] <u>See</u> Ameritech Comments at 47.

[70] <u>See</u> MCI Comments at 46-47.

same advertisement, putting aside the bundled pricing issue. There is no indication that Congress intended in Section 271(e) to place new burdens on IXCs.

Similarly, since IXCs are permitted to market both categories of services, a telemarketing call in which both categories are mentioned would not constitute prohibited joint marketing. A contrary interpretation would require an IXC telemarketer to hang up after discussing one category of services and immediately redial the same prospect to sell the other category. The same individual could make both calls, since IXCs are not subject to any separation requirements. Requiring such a pointless exercise, however, does not appear to be the purpose of Section 271(e). Similarly, making both categories of services available from a single source would not constitute prohibited joint marketing under Section 271(e), since IXCs may provide all of their services on an integrated basis. Nynex is therefore clearly wrong in claiming that IXCs cannot use the same sales channels for both local and interLATA services or advertise both types of services together, prior to BOC entry.

As AT&T also points out, joint marketing should not encompass post-sale efforts.[71] How a service is provisioned thus does not fall within the ambit of marketing.[72] Similarly, the

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[71] AT&T Comments at 54.

[72] A BOC, however, would still be prohibited from making local and interLATA services available from a single source at any time, due to the separation requirements.

use of consolidated billing and a consolidated customer service organization for both types of services is not marketing and certainly not the joint marketing that is prohibited to the IXCs prior to BOC entry.

One other point the BOCs raise has to do with the exemption from the strictures of Section 271(e) for local services an IXC provides through interconnection with an ILEC under Section 251(c)(2) or through purchase of unbundled network elements under Section 251(c)(3). Most of the BOCs grudgingly agree that an IXC may jointly market such local services with its interLATA services prior to BOC entry into in-region interLATA service, since the pre-BOC entry restriction on IXC joint marketing only applies to local services purchased for resale under Section 251(c)(4).

They argue, however, that if any local services purchased for resale under Section 251(c)(4) are combined with the other categories of local services, an IXC may not jointly market any of them with its interLATA services.[73] Thus, any local services purchased for resale "infects" the other local services offered by the IXC so that the Section 271 restriction applies. MCI objects to such a rule unless the IXC is unable to separate out the resold local services and market them separately. IXCs should generally be allowed to market local services other than resold BOC services with their interLATA services prior to BOC

[73] See, e.g., Ameritech Comments at 49-50.

entry.

Finally, as indicated in its initial comments, MCI has no objection to BOC or BOC interLATA affiliate marketing of discounted bundles of local and interLATA services, as long as the availability of one category of service is not conditioned on the purchase of the other and the discount is not so great that it compels a customer to buy both services. As discussed in Part VIII, infra, however, a BOC or its affiliate should only be permitted to provide such bundled offerings if it can demonstrate that the offering satisfies the imputation tests discussed in MCI's initial Comments and that it has provided all of the information necessary to demonstrate compliance.[74] Moreover, where a BOC markets a bundled package of local and interLATA services, it has to offer the same joint marketing and other related services, such as joint billing and combined customer services, to all IXCs under Section 272(e)(2), and it has to make the same discount available to them so that they have the same opportunity to offer the BOC's local service with their own interLATA services.

VII. ENFORCEMENT OF SECTIONS 271 AND 272

The BOCs' primary focus in the area of enforcement is their claim that there is no justification for shifting the burden of proof, as the NPRM suggests, once a complainant under Section

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[74] See MCI Comments at 43-44, 64-66.

271(d)(6) has established a prima facie case.[75] They assert that if discovery procedures are inadequate for the expedited schedule required for such complaints, those procedures should be reformed, rather than creating due process problems by shifting the burden of proof. They also note that a BOC that is providing in-region interLATA service has already met its burden of proof that it has satisfied the conditions for approval, and they argue that it should not have to prove over and over that it meets those conditions. They assert that shifting the burden of proof to the BOC will generate frivolous, complex complaints that could not possibly be resolved within the 90 day deadline.[76]

Contrary to the BOCs' cries of unfairness, there is nothing unfair or violative of due process in a common sense shifting of the burden of proof in appropriate circumstances. Examples of such mechanisms abound in common law and regulatory practice, from res ipsa loquitor to the shifting of the burden in a Section 202(a) case once the complainant has demonstrated a different

[75] The BOCs' views as to proper enforcement procedures may be colored by their casual views of their obligations under Sections 271 and 272. Although Section 271(d)(6)(A) authorizes the Commission to impose various penalties if it determines that a BOC "has ceased to meet any of the conditions required for [in-region] approval," Ameritech takes the remarkable position, at 73, that a BOC has "no ongoing obligation" to meet the requirements of Section 271(c)(1)(A) or Section 271(c)(2)(A) for in-region approval.

[76] See id. at 74-79; Bell Atlantic Comments at 9-11; Pacific Telesis Comments at 42-47.

rate or other discrimination between like services.[77] It is not a criticism of the discovery process to say that discovery alone may not be sufficient to make up for the BOCs' tremendous information advantages in a proceeding that has a statutory 90-day deadline (unless the parties agree to extend it).[78] In the Section 272 nondiscrimination context, for example, given the unqualified commands of Section 272(c) and (e), it is perfectly reasonable to shift the burden once a complainant has pleaded some measurable difference between the BOC affiliate and another entity in the BOC's provision of services. Since the BOC is by far the likeliest party to possess data that could prove or disprove that allegation, the BOC should bear the burden of disproving it.

The BOCs' predictions of a flood of frivolous complaints if the NPRM's burden shifting proposal is adopted seem doubtful, at best. If a complaint makes out a prima facie violation of Section 272 or other condition of in-region approval, however complex or technical it may be, it is difficult to understand why the burden should not shift to the party with most, if not all, of the relevant information and the case proceed to final decision. That a BOC at one time demonstrated that it met the conditions for approval should not insulate it from further

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[77] See MCI Telecommunications Corporation v. FCC, 917 F.2d 30, 39 (D.C. Cir. 1990).

[78] See Section 271(d)(6)(B).

review if such a complainant is filed. If a complaint does not state a cause of action, it will be dismissed. Why such a procedure should result in many frivolous cases is not clear. Accordingly, the Commission should adopt its tentative conclusion to shift the burden of proof in a complaint case brought under Section 271(d)(6) once a violation of the conditions for in-region approval has been properly alleged.

VIII. THE REGULATORY STATUS OF BOC INTERLATA AFFILIATES

The initial comments demonstrate the BOCs' continuing local bottleneck power and ability and incentive to exploit that dominance in the in-region interLATA market by raising competitors' costs through the imposition of excessive access charges, thereby subjecting them to a monopoly-based price squeeze. Since access charges are vastly in excess of costs right now, the BOCs will thus start off providing in-region interLATA service with this price squeeze strategy already in place. Moreover, since current access charges are in effect and must be paid by competitors who need access,[79] there are no current safeguards or other regulatory constraints, including price cap regulation, that can restrain this abuse of the BOCs' bottleneck power.[80]

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[79] MCI does not represent, however, that the access rates currently in effect are necessarily "lawful." See Arizona Grocery Co. v. Atchison, Topeka & Santa Fe Ry. Co., 284 U.S. 370, 384 (1932)(legally filed rate is only lawful if it is reasonable).

[80] See MCI Comments at 60-67.

The BOCs' and other LECs' initial comments provide little assurance on this issue. In fact, Pacific Telesis brazenly asserts that such a strategy is not really an anticompetitive price squeeze at all, but, rather, just a competitor willing to accept low profits in order to expand its market share.[81] The BOCs go on at great lengths about proper market definitions, the absence of bottleneck power, their lack of any interLATA market share, and the various safeguards in Section 272 (which they have proposed elsewhere in their comments to eviscerate) and other regulatory protections against abuses of whatever bottleneck power might remain, but they do not address the access charge price squeeze problem, for the most part.[82]

The only responses they make to that issue are their assurances, supported by Professor Hausman, that such a strategy -- i.e., charging excessive access rates and taking a loss or low profits on interLATA service -- is "economically irrational" and highly improbable.[83] That is simply incorrect as a matter of economic theory and actual practice. An RBOC's pricing strategies are quite different when the RBOC vertically integrates into interLATA service. Indeed, the vertically integrated RBOC will price its interLATA service so as to maximize the sum of its profits from interLATA and switched

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[81] Pacific Telesis Comments at 61-62.

[82] See, e.g., id. at 51-67.

[83] Id. at 62-63.

access service. Since interLATA and switched access services are complements -- i.e., a fall in the price of interLATA service will increase the demand for switched access service -- the vertically-integrated RBOC may choose to lower its interLATA price to increase the demand for switched access (a service priced well above costs). In fact, contrary to the claims of Prof. Hausman, it is quite possible that when a multiproduct firm sells complementary goods or services, one or more of the goods or services may be priced below marginal costs.[84]

Thus, pricing interLATA service below all properly imputed costs of access and other costs of providing such services may very well be a rational, profit maximizing strategy for a vertically-integrated RBOC.[85] Moreover, the lower interLATA prices are not the result of greater productivity in the supply of interLATA service, but the perverse effect of the marriage between vertical integration and (regulatory approval of)

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[84] See , for example, Jean Tirole, The Theory of Industrial Organization (Cambridge: MIT Press, 1995) at pp. 69-72 and Chapter 3.

[85] Moreover, where an RBOC expanded interLATA sales by decreasing the price, the most likely consequence would be that total sales by competitive IXCs would fall by less than the expansion in RBOC sales. As a result, the RBOC's "opportunity cost" of foregone access net revenue resulting from an increase in its interLATA traffic typically would be less than the markup over cost paid by IXCs for access. See Franklin M. Fisher, An Analysis of Switched Access Pricing and the Telecommunications Act of 1996 at 8, attached to Reply Comments of MCI Telecommunications Corp., Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, CC Docket No. 96-98 (filed May 30, 1996).

substantial markups of switched access prices above cost.[86] MFS Communications provides an excellent example in its comments of how the BOCs could implement a such a price squeeze strategy without raising current access charges. As MFS demonstrates, the BOCs could seriously harm competition with such a strategy, even assuming that the interLATA affiliates are less efficient than their competitors.[87]

The BOCs also argue that it would be irrational for them to try to squeeze out such large competitors as AT&T, MCI and Sprint, but antitrust cases have recognized that firms in a position to raise their rivals' costs will do so and that such behavior injures competition, irrespective of the ability or lack of ability to drive those rivals from the market.[88] Moreover, it is likely that rivals that remain in the market will be weakened

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[86] NYNEX's requests for authority to provide interexchange service in Arizona, California, Florida, and Illinois is, according to NYNEX, motivated, in part, by the fact that large volumes of traffic originate in these states and terminate in NYNEX territory. Clearly, NYNEX's choice of these states for its out-of-region interexchange services suggests that the vertically integrated supply of interexchange and terminating switched access services is more profitable than selling the two services independently. "Nynex Files to Offer Long Distance Service in Four States," NYNEX News Release, June 3, 1996. If RBOC vertical integration into the supply of out-of-region interexchange services is as innocuous as some contend, one would not expect an RBOC to be particularly concerned with selling its switched access service in combination with its interexchange service.

[87] See Attachment 1 to MFS Comments.

[88] See Ball Memorial Hospital, Inc. v. Mutual Hospital Insurance, Inc., 784 F.2d 1325, 1339 (7th Cir. 1986).

by the cost increases they absorb, thereby reducing their output and the vigor of competition. As AT&T points out, even the BOCs' experts have recognized that predation would be a costless strategy for the BOCs, since their increased monopoly revenue from access services would more than make up for their interLATA "losses."[89]

As MCI explained in its initial comments, any serious attempt to inhibit this inevitable anticompetitive strategy must begin with enforcement of the imputation rules -- both the Commission's long-standing rule[90] and Section 272(e)(3). As Ameritech states, "[a] BOC affiliate's retail rates will have to recover ... access charges, as well as the transport costs paid to the BOC's transmission supplier. ... [B]elow-cost pricing would provide a red flag to regulators."[91] Thus, all sides seem to agree that the imputation rules should be enforced.

In order to permit these rules to have any effect at all, the Commission must require the BOC affiliates to tariff their interLATA telecommunications services, including all volume discount and other special arrangements, and to file sufficient cost support with those tariffs to make sure that the affiliates'

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[89] AT&T Comments at 64-65 & n. 57 (citing statement by David J. Teece submitted in support of Ameritech's Motions to Remove the Consent Decree's Interexchange Restriction).

[90] <u>Application of Access Charges to the Origination and Termination of Interstate, IntraLATA Services and Corridor Services</u>, FCC 85-172 (released April 12, 1985).

[91] Ameritech Comments at 31.

interLATA services cover all imputed access and other costs. Where interLATA telecommunications services are offered as part of a bundled package with nonregulated or local services, the cost support must contain sufficient information to ensure that the other components of the package also fully cover their imputed costs, so that an interLATA telecommunications service price squeeze cannot be disguised as a discount on other services in the package. To the extent that the other components of such a package would otherwise fall outside the Commission's jurisdiction, their inclusion by the BOC affiliate in a package with interLATA telecommunications services should provide the Commission with sufficient jurisdiction to take steps that will help it enforce the imputation rules. The affiliate, of course, always has the freedom to offer the other components separately from interLATA telecommunications services, thereby avoiding Commission review of those components.

If a proposed interLATA service rate does not cover its imputed access and other costs, the Commission should reject it. The affiliate would then have the choice of filing a revised tariff at a higher rate that covered its imputed and other costs or, preferably, the BOC could reduce its access charges, thereby reducing all other IXCs' costs. What is so remarkable is that the BOCs have failed to propose such an access charge reduction voluntarily before they enter the in-region interLATA services market. Their reluctance to do so rebuts Prof. Hausman's assertions, since it shows that their incentive is to gouge access users and underprice their competitors in interLATA services, who are paying excessive access costs.

Such enforcement of the imputation rules is absolutely necessary irrespective of whether the BOC affiliates are otherwise regulated as dominant carriers. As a practical matter, of course, the 45-day tariff review and cost support that would be necessary to any enforcement of imputation preclude total nondominant treatment in any event. Most importantly, enforcement of the imputation rules as outlined here is necessary but not nearly sufficient to halt the BOCs' access charge price squeeze strategy, since their true economic cost of access is so much lower than other IXCs' access costs. This anticompetitive abuse will only end when access charges are reduced to their economic costs, thereby removing the BOCs' monopoly-based advantage in in-region interLATA service.

CONCLUSION

MCI requests that the Commission promulgate regulations implementing the non-accounting safeguards of Sections 271 and 272 of the Communications Act consistent with the above comments and MCI's initial comments.

Respectfully submitted,

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I, Sylvia Chukwuocha, hereby certify that a true copy of the foregoing "REPLY COMMENTS OF MCI TELECOMMUNICATIONS CORPORATION" was served this 30th day of August, 1996, by hand-delivery or first-class mail, postage prepaid, upon each of the following persons:

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